

INFO	LOG-00	EEB-00	AID-00	CEA-01	CIAE-00	CIP-00	COME-00
	CTME-00	INL-00	DODE-00	DOEE-00	ITCE-00	DATE-00	PDI-00
	DS-00	EXME-00	EUR-00	E-00	FAAE-00	UTED-00	VCI-00
	FRB-00	H-00	TEDE-00	INR-00	IO-00	L-00	MOFM-00
	MOF-00	VCIE-00	NSAE-00	ISN-00	NSCE-00	OMB-00	NIMA-00
	EPAU-00	MCC-00	PER-00	GIWI-00	ISNE-00	SP-00	IRM-00
	SSO-00	SS-00	STR-00	TRSE-00	FMP-00	BBG-00	EPAE-00
	IIP-00	SCRS-00	DSCC-00	PRM-00	DRL-00	G-00	CARC-00
	NFAT-00	SAS-00	FA-00	SWCI-00	PESU-00	/001W	

R 030930Z SEP 09  
FM AMEMBASSY COTONOU  
TO SECSTATE WASHDC 1100  
INFO ECOWAS COLLECTIVE  
MILLENIUM CHALLENGE CORP WASHDC  
AMEMBASSY PARIS  
AMEMBASSY LONDON  
AMEMBASSY ABUJA

UNCLAS COTONOU 000406

DEPT FOR AF/EPS, AF/E JKNIGHT, AF/W ACOOK  
DEPT PLEASE PASS USTR (LAGAMA)  
PARIS FOR BKANEDA  
LONDON FOR PLORD

E.O. 12958: N/A  
TAGS: [ECON](#) [ECPS](#) [PGOV](#) [BN](#)  
SUBJECT: BENIN ECONOMIC NEWS: JULY-AUGUST 2009

REF: COTONOU 326

Presidential Lunch with Customs Officers

[¶](#)11. On July 23, 2009, President Yayi had lunch at the Customs Headquarters in Cotonou. Yayi used the opportunity to enquire about the concerns of customs officers. They expressed concern over the persistent rumor that Yayi intends to sign a law that will put customs officers under military status, and condemned the practice of political appointees, who disregard chain of command and the expertise of the rank and file. The officers also said that the tax exemption policy the GOB implemented to alleviate shock from the global financial crisis and to help real estate developers build CEN-SAD villas in 2008 negatively impacted customs offices' ability to raise revenue. To boost performance, officers recommend a computer network linking the main border posts to Headquarters (Reftel), reorganizing the imported used vehicles sector, and limiting tax exemptions granted to importers. Yayi told the customs officers that he will take into account their recommendations, promised to rid the Customs Administration sector of corrupt officials, and urged them to carry out their work without paying attention to hearsay about the GOB's alleged plan to switch their status from the Ministry of Finance and Economy command to that of the Ministry of Defense.

Investment Promotion Workshop in Benin

[¶](#)12. On July 28, 2009, an investment promotion workshop was held in Cotonou to define a new strategy to attract foreign direct investment to Benin. The workshop's focus was on monitoring the implementation of the conclusions of the United Nations Conference on Trade and Development (UNCTAD) survey on investment policy in Benin in 2004. The survey revealed that a poor business climate and weak investment framework handicaps Benin's efforts to diversify its economy. Jean-Marie Ehouzou, Beninese Minister of Foreign Affairs, in his opening remarks acknowledged that Africa is unattractive to investors because of the poor business climate and the lack of investment protection.

BOAD Supports Food Safety in Benin

[¶](#)13. On August 6, 2009, the Minister of Finance and Economy, Idriss Daouda, and the President of the West African Development Bank,

(BOAD), Abdoulaye Bio Tchane, signed a credit agreement. BOAD granted 9 billion CFA (USD 19.5 million) in credit to Benin to finance the Food Security Project. This grant will cover financing 2,300 hectares of wetland for rice production and small-scale farming, acquisition of a rice processing factory, and construction of 12 food storage facilities in twenty four communes of the country. The credit is expected to impact 2.6 million Beninese by ensuring sufficient food production.

GOB Awards Bollore the Concession of the MCA's New South Wharf

-----

¶4. On August 7, 2009, the GOB announced it has awarded the French company, "Groupement Bollore et SMTC", the right to operate the new wharf, which will be constructed within the framework of MCA's Access to Markets Project at the Port of Cotonou. On August 12, the Deputy Director of the Cotonou Port Authority, Lazare Gnonlonfin, and the Chief of Staff of the Minister of Maritime Economy, Theodore Glele, discussed with the press the process that led to the selection of Bollore. They underlined that bidding was conducted by a committee made up of MCA, MCC, and the World Bank, and was assisted by "Societe Financiere Internationale". They stressed that Bollore's selection was a prerequisite to the construction of the new wharf because the bidder must integrate its infrastructure within the wharf construction process. They added that Bollore's operations will generate annual revenue of at least 11 billion CFA (USD 24 millions, contractual annual leasing fee). The press conference was triggered by erroneous and slanted reporting in local private newspapers that claimed the GOB had sold the Port of Cotonou to Bollore.

British American Tobacco (BAT) Plant Shut Down

-----

¶5. On August 14, 2009, the Director General of BAT's subsidiary in Benin, Jean-Pierre Quadric, announced that BAT will close down the tobacco plant in Ouidah (40 KM West of Cotonou) on October 31, leaving 33 people unemployed. Quadric explained that the continued under use of the plant's capacity has generated a loss estimated at over 10 billion CFA (USD 21.7 million). He noted that BAT investment to increase the plant production capacity and export its products to the WAEMU countries duty free has been hampered by Cote-d'Ivoire and Burkina Faso authorities' refusal to allow made-in-Benin tobacco imports. By the time Beninese authorities solved the dispute, BAT's clients in these two countries had already switched to its competitors' products. Quadric reassured that BAT will stay in Benin to import and distribute tobacco products. BAT, a British company, bought the tobacco plant in 1999 from the GOB. The Plant was originally built by the Chinese.

Benin Fiber Optics Connection to Be Restored

-----

¶6. On July 24th, a boat's anchor cut Benin Telecoms' (BT) undersea telecommunications SAT-3 cable, cutting Benin and BT's clients off from internet connection and international calls. On 15 August 2009, the Vessel Chamarel, which specializes in repairing submarine cables, arrived in Beninese waters to begin repairing the fiber optics cable situated 25 km offshore. The internet connection was restored after 5 days of repairs.

BOUSTANI